

# **CITY OF STOCKTON**

## **Audit Report**

### **CRIME STATISTICS REPORTS FOR THE DEPARTMENT OF JUSTICE PROGRAM**

Chapter 1172, Statutes of 1989; Chapter 1338, Statutes of 1992;  
Chapter 1230, Statutes of 1993; Chapter 933, Statutes of 1998;  
Chapter 571, Statutes of 1999; Chapter 626, Statutes of 2000;  
and Chapter 700, Statutes of 2004

*July 1, 2001, through June 30, 2012*



**JOHN CHIANG**  
California State Controller

March 2014



**JOHN CHIANG**  
**California State Controller**

March 28, 2014

The Honorable Anthony Silva  
Mayor of the City of Stockton  
425 N. El Dorado Street  
Stockton, CA 95202

Dear Mayor Silva:

The State Controller's Office audited the costs claimed by the City of Stockton for the legislatively mandated Crime Statistics Reports for the Department of Justice Program (Chapter 1172, Statutes of 1989; Chapter 1338, Statutes of 1992; Chapter 1230, Statutes of 1993; Chapter 933, Statutes of 1998; Chapter 571, Statutes of 1999; Chapter 626, Statutes of 2000; and Chapter 700, Statutes of 2004) for the period of July 1, 2001, through June 30, 2012.

The city claimed \$6,680,708 for the mandated program. Our audit found that \$2,811,927 is allowable and \$3,868,781 is unallowable. The costs are unallowable primarily because the city claimed unallowable costs. The State made no payment to the city. The State will pay \$2,811,927, contingent upon available appropriations.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, by phone at (916) 323-5849.

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

JVB/sk

cc: Vanessa Burke, Chief Financial Officer  
City of Stockton  
Kurt Wilson, City Manager  
City of Stockton  
Erin Mettler, Program Manager III  
Police Department  
City of Stockton  
Michael Byrne, Principal Program Budget Analyst  
Mandates Unit, Department of Finance  
Jay Lal, Manager  
Division of Accounting and Reporting  
State Controller's Office

# Contents

## **Audit Report**

<b>Summary .....</b>	<b>1</b>
<b>Background .....</b>	<b>1</b>
<b>Objective, Scope, and Methodology .....</b>	<b>3</b>
<b>Conclusion .....</b>	<b>3</b>
<b>Views of Responsible Official .....</b>	<b>3</b>
<b>Restricted Use .....</b>	<b>4</b>
<b>Schedule 1—Summary of Program Costs .....</b>	<b>5</b>
<b>Finding and Recommendation .....</b>	<b>8</b>
<b>Attachment—City’s Response to Draft Audit Report</b>	

# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by the City of Stockton for the legislatively mandated Crime Statistics Reports for the Department of Justice Program (Chapter 1172, Statutes of 1989; Chapter 1338, Statutes of 1992; Chapter 1230, Statutes of 1993; Chapter 933, Statutes of 1998; Chapter 571, Statutes of 1999; Chapter 626, Statutes of 2000; and Chapter 700, Statutes of 2004) for the period of July 1, 2001, through June 30, 2012.

The city claimed \$6,680,708 for the mandated program. Our audit found that \$2,811,927 is allowable and \$3,868,781 is unallowable. The costs are unallowable primarily because the city claimed unallowable costs. The State made no payment to the city. The State will pay \$2,811,927, contingent upon available appropriations.

## Background

Penal Code sections 12025, subdivisions (h)(1) and (h)(3), 12031, subdivisions (m)(1) and (m)(3), 13014, 13023, and 13730, subdivision (a), require local agencies to report information related to certain specified criminal acts to the California Department of Justice. These sections were added and/or amended by Chapter 1172, Statutes of 1989; Chapter 1338, Statutes of 1992; Chapter 1230, Statutes of 1993; Chapter 933, Statutes of 1998; Chapter 571, Statutes of 1999; Chapter 626, Statutes of 2000; and Chapter 700, Statutes of 2004.

On June 26, 2008, the Commission on State Mandates (CSM) adopted a statement of decision for the Crime Statistics Reports for the Department of Justice Program. The CSM found that the test claim legislation constitutes a new program or higher level of service and imposes a reimbursable state-mandated program on city and county claimants beginning on July 1, 2001, within the meaning of Article XII B, section 6 of the California Constitution and Government Code section 17514.

On July 31, 2009, the CSM heard an amended test claim on Penal Code section 13023 (added by Chapter 700, Statutes of 2004), which imposed additional crime reporting requirements. The CSM also found that this test claim legislation constitutes a new program or higher level of service and imposes a reimbursable state-mandated program for city and county claimants beginning on January 1, 2004. On April 10, 2010, the CSM issued a corrected statement of decision to correctly identify the operative and effective date of the reimbursable state-mandated program as January 1, 2005.

The CSM found that the following activities are reimbursable:

- A local government entity responsible for the investigation and prosecution of a homicide case to provide the California Department of Justice with demographic information about the victim and the person or persons charged with the crime, including the victim's and person's age, gender, race, and ethnic background (Penal Code section 13014).

- Local law enforcement agencies to report, in a manner to be prescribed by the Attorney General, any information that may be required relative to any criminal acts or attempted criminal acts to cause physical injury, emotional suffering, or property damage where there is a reasonable cause to believe that the crime was motivated, in whole or in part, by the victim's race, ethnicity, religion, sexual orientation, or physical or mental disability, or gender or national origin (Penal Code section 13023).
- For district attorneys to report annually on or before June 30, to the Attorney General, on profiles by race, age, gender, and ethnicity any person charged with a felony or misdemeanor under Penal Code section 12025 (carrying a concealed firearm) or section 12031 (carrying a loaded firearm in a public place), and any other offense charged in the same complaint, indictment, or information. The CSM found that this activity is a reimbursable mandate from July 1, 2001, through January 1, 2005. (Penal Code sections 12025, subdivisions (h)(1) and (h)(3), and 12031 subdivisions (m)(1) and (m)(3)).
- For local law enforcement agencies to support all domestic-violence related calls for assistance with a written incident report (Penal Code section 13730, subdivision (a), Chapter 1230, Statutes of 1993).
- For law enforcement agency to report the following in a manner to be prescribed by the Attorney General:
  - Any information that may be required relative to hate crimes, as defined in Penal Code section 422.55 as criminal acts committed, in whole or in part, because of one or more of the following perceived characteristics of the victim: (1) disability, (2) gender, (3) nationality, (4) race or ethnicity, (5) religion, (6) sexual orientation.
  - Any information that may be required relative to hate crimes, defined in Penal Code section 422.55 as criminal acts committed, in whole or in part, because of association with a person or group with one or more of the following actual or perceived characteristics: (1) disability, (2) gender, (3) nationality, (4) race or ethnicity, (5) religion, (6) sexual orientation.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted the parameters and guidelines on September 30, 2010, and amended them on January 24, 2014 to clarify reimbursable costs related to domestic-violence related calls for assistance. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and school districts in claiming mandated program reimbursable costs.

**Objective, Scope,  
and Methodology**

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Crime Statistics Reports for the Department of Justice Program for the period of July 1, 2001, through June 30, 2012.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted this performance audit under the authority of Government Code sections 12410, 17558.5, and 17561. We did not audit the city's financial statements. We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review of the city's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

**Conclusion**

Our audit found an instance of noncompliance with the requirements outlined above. This instance is described in the accompanying Summary of Program Costs (Schedule 1) and in the Finding and Recommendation section of this report.

For the audit period, the City of Stockton claimed \$6,680,708 for costs of the Crime Statistics Reports for the Department of Justice Program. Our audit found that \$2,811,927 is allowable and \$3,868,781 is unallowable.

The State made no payment to the city. Our audit found that \$2,811,927 is allowable. The State will pay \$2,811,927, contingent upon available appropriations.

**Views of  
Responsible  
Official**

We issued a draft audit report on March 14, 2014. Vanessa Burke, Chief Financial Officer, responded by letter dated March 25, 2014 (Attachment), agreeing with the audit results. This final report includes the city's response.

## **Restricted Use**

This report is solely for the information and use of the City of Stockton, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

March 28, 2014



**Schedule 1—  
Summary of Program Costs  
July 1, 2001, through June 30, 2012**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment <sup>1</sup>
<u>July 1, 2001, through June 30, 2002</u>			
Salaries and benefits	\$ 283,439	\$ 132,171	\$ (151,268)
Indirect costs	110,655	51,600	(59,055)
Total program costs	<u>\$ 394,094</u>	183,771	<u>\$ (210,323)</u>
Less amount paid by State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 183,771</u>	
<u>July 1, 2002, through June 30, 2003</u>			
Salaries and benefits	\$ 389,563	\$ 152,715	\$ (236,848)
Indirect costs	125,712	49,281	(76,431)
Total program costs	<u>\$ 515,275</u>	201,996	<u>\$ (313,279)</u>
Less amount paid by State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 201,996</u>	
<u>July 1, 2003, through June 30, 2004</u>			
Salaries and benefits	\$ 390,280	\$ 183,418	\$ (206,862)
Indirect costs	120,245	56,511	(63,734)
Total program costs	<u>\$ 510,525</u>	239,929	<u>\$ (270,596)</u>
Less amount paid by State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 239,929</u>	
<u>July 1, 2004, through June 30, 2005</u>			
Salaries and benefits	\$ 484,598	\$ 220,144	\$ (264,454)
Indirect costs	142,181	64,590	(77,591)
Total program costs	<u>\$ 626,779</u>	284,734	<u>\$ (342,045)</u>
Less amount paid by State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 284,734</u>	
<u>July 1, 2005, through June 30, 2006</u>			
Salaries and benefits	\$ 580,578	\$ 223,836	\$ (356,742)
Indirect costs	182,069	70,195	(111,874)
Total program costs	<u>\$ 762,647</u>	294,031	<u>\$ (468,616)</u>
Less amount paid by State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 294,031</u>	

**Schedule 1 (continued)**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment <sup>1</sup>
<u>July 1, 2006, through June 30, 2007</u>			
Salaries and benefits	\$ 500,684	\$ 206,117	\$ (294,567)
Indirect costs	153,059	63,010	(90,049)
Total program costs	<u>\$ 653,743</u>	269,127	<u>\$ (384,616)</u>
Less amount paid by State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 269,127</u>	
<u>July 1, 2007, through June 30, 2008</u>			
Salaries and benefits	\$ 503,542	\$ 199,491	\$ (304,051)
Indirect costs	181,275	71,817	(109,458)
Total program costs	<u>\$ 684,817</u>	271,308	<u>\$ (413,509)</u>
Less amount paid by State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 271,308</u>	
<u>July 1, 2008, through June 30, 2009</u>			
Salaries and benefits	\$ 520,592	\$ 206,100	\$ (314,492)
Indirect costs	184,758	73,145	(111,613)
Total program costs	<u>\$ 705,350</u>	279,245	<u>\$ (426,105)</u>
Less amount paid by State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 279,245</u>	
<u>July 1, 2009, through June 30, 2010</u>			
Salaries and benefits	\$ 503,855	\$ 194,771	\$ (309,084)
Indirect costs	172,218	66,573	(105,645)
Total program costs	<u>\$ 676,073</u>	261,344	<u>\$ (414,729)</u>
Less amount paid by State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 261,344</u>	
<u>July 1, 2010, through June 30, 2011</u>			
Salaries and benefits	\$ 463,047	\$ 196,792	\$ (266,255)
Indirect costs	153,083	64,942	(88,141)
Total program costs	<u>\$ 616,130</u>	261,734	<u>\$ (354,396)</u>
Less amount paid by State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 261,734</u>	
<u>July 1, 2011, through June 30, 2012</u>			
Salaries and benefits	\$ 401,737	\$ 198,670	\$ (203,067)
Indirect costs	133,538	66,038	(67,500)
Total program costs	<u>\$ 535,275</u>	264,708	<u>\$ (270,567)</u>
Less amount paid by State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 264,708</u>	

## Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment <sup>1</sup>
<u>Summary: July 1, 2001, through June 30, 2012</u>			
Salaries and benefits	\$ 5,021,915	\$ 2,114,225	\$ (2,907,690)
Indirect costs	<u>1,658,793</u>	<u>697,702</u>	<u>(961,091)</u>
Total program costs	<u>\$ 6,680,708</u>	2,811,927	<u>\$ (3,868,781)</u>
Less amount paid by State		<u>—</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 2,811,927</u>	

<sup>1</sup> See the Finding and Recommendation section.

# Finding and Recommendation

## FINDING— Unallowable costs

The city claimed \$5,021,915 in salaries and benefits for domestic-violence-related calls for assistance during the audit period. Our audit found that \$2,114,225 is allowable and \$2,907,690 is unallowable. The unallowable costs were unsupported and included activities that are not reimbursable under the mandated cost program. Allowable indirect costs total \$697,702.

The city claimed costs incurred by police officers, sergeants, and police records assistants. The table below summarizes the total audit adjustments to salaries and benefits, and related indirect costs for the audit period. Refer to Schedule 1 of this report for audit adjustments to salaries and benefits, and related indirect costs by fiscal year.

	Salaries and Benefits					
			Police Records Assistant	Subtotal	Indirect Costs	Total
Claimed	\$ 4,532,364	\$ 406,272	\$ 83,279	\$ 5,021,915	\$ 1,658,793	\$ 6,680,708
Allowable	1,763,301	283,968	66,956	2,114,225	697,702	2,811,927
Adjustment	\$ (2,769,063)	\$ (122,304)	\$ (16,323)	\$ (2,907,690)	\$ (961,091)	\$ (3,868,781)

The city computed costs using the incorrect number of incident reports and claimed unsupported salary rates. In addition, the city used a time study to support the amount of time to prepare, review, and edit domestic-violence incident reports. The time study was based on estimated (rather than actual) time and included activities that are not reimbursable.

With the exception of the last two years of the eleven-year audit period, the city claimed costs based on the number of domestic-violence incident reports prepared during the calendar year. The city should have identified the number of incident reports prepared during the fiscal year to correspond to the claim period. As a result, the city either overstated or understated the number of reports in these fiscal years.

The following table summarizes the number of overstated and understated reports:

Fiscal Year	Calendar- Year Reports	Fiscal-Year Reports	Over (Under) Reported
2001-02	2,069	2,303	(234)
2002-03	2,560	2,445	115
2003-04	2,390	2,629	(239)
2004-05	2,854	2,775	79
2005-06	2,718	2,670	48
2006-07	2,450	2,421	29
2007-08	2,423	2,351	72
2008-09	2,452	2,445	7
2009-10	2,240	2,152	88
2010-11	2,044	2,044	—
2011-12	2,148	2,148	—

The city did not support salary rates used in determining claimed costs. During the audit, the city proposed the use of the middle range of the salary schedules for police officer, police sergeant, and police records assistant classifications. We agreed with this alternative methodology and recomputed salary rates using this method.

The city supported claimed cost for time spent to prepare domestic-violence incident reports with a time study it conducted in March 2011. The time study identified the average amount of time required to write, review, and edit an incident report. The city concluded that a police officer required 135 minutes to write a report, a police sergeant 5 minutes to review the report, and a police records assistant 10 minutes to complete a technical report review. The time study identified report writing time based on estimates and included the tracking of ineligible activities. The ineligible activities include booking the perpetrator, transporting the victim to the hospital, conducting interviews, and performing the investigation.

The city agreed that the time study was based on estimated time and included activities not reimbursable under the mandated cost program. We allowed the city to perform a second time study during the audit to support the report writing time. The city completed the second time study in February 2014. The second time study documented actual time performing eligible report writing activities for police officer, sergeant, and police records assistant classifications. The results of the time study showed average report writing time of 61 minutes per report.

We reviewed the results of the city's time study and applicable support. The city misinterpreted the time study results when determining the case average. The average amount of time spent on writing a report per case, using the city's results, should equal 85 minutes per case. We identified five instances in our review of the report where the report times were not supported by the city's report writing system. City staff explained that the officers responsible for these reports did not properly identify report writing times and agreed that these times should be removed from the time study results. We removed the erroneous report writing times and recomputed the average. The revised report writing time totaled 76 minutes per case.

We recalculated costs based on the actual number of domestic-violence reports in each fiscal year, using the supported report writing, reviewing, and editing times, and applying the appropriate salary rates.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. Concerning domestic-violence-related calls for assistance, the reimbursable activities include supporting the calls with a written incident report, and reviewing and editing the report. The Commission on State Mandates amended the parameters and guidelines on January 24, 2014, to clarify that reimbursement is not required to perform tasks that are investigatory in nature, such as conducting interviews, completing a booking sheet or restraining order, booking the perpetrator, and other activities related to crime enforcement or victim assistance. Consequently, these costs claimed by the city are unallowable.

The parameters and guidelines specify that the State will reimburse only actual increased costs incurred to implement the mandated activities that are supported by source documents showing, the validity of such costs.

### Recommendation

The Crime Statistics Reports for the Department of Justice Program was suspended in the FY 2012-13 and FY 2013-14 Budget Acts. If the program becomes active, we recommend that the city claim costs that are based on actual costs to implement the mandated cost program and maintain source documentation that can be used to verify such costs.

### City's Response

Please find below our responses to the findings and recommendations:

#### The City's claim included unallowable activities

The City of Stockton prepared claims under this Mandate program based upon the parameters and guidelines in place at the time. During this Audit, the Commission on State Mandates amended these parameters and guidelines to clarify which activities were eligible for reimbursement. The City initially claimed costs for the booking of suspects, investigation and follow up, and for writing and reviewing incident reports. Under the Amended Guidelines issued January 24, 2014, the only allowable activity under this mandate is the writing and reviewing of incident reports.

The City resolved this issue by only including the allowable activities during its Time Study completed in February 2014. The result is a reduction to the number of minutes used to compute claimed costs.

#### The City's claim included unsupportable productive hourly rates

The City agrees the documentation of the productive hourly rates was not sufficient in the original claim. The City proposed an alternative use of a mid-step salary amount for each job classification from the Salary Schedule in place for each Claim Year to recalculate the productive hourly rate used on the claims. For future claims the City will use an average of all employee salaries within the position classification to provide a more substantial basis for the productive hourly rate claimed.

#### The City's claim was based on a time study which used estimated times

The City proposed completing a new Time Study of actual time taken to write eligible incident reports. The study was performed during the month of February, 2014 based on the revised parameters and guidelines approved January 24, 2014. These revisions clarified which activities were eligible for reimbursement. The new time study resulted in a reduction to the number of minutes used to compute claimed costs from 135 to 76 minutes per case. The averages originally claimed for technical and supervisory review were not changed and are included in the 76 minutes per case.

#### The City's claims from 2002 - 2010 were computed using the number of reports on a calendar year rather than fiscal year

The City prepares crime statistics based on a Calendar year for the Department of Justice (DOJ) and uses calendar year statistics for all of its rankings, analysis and other comparisons. The parameters and guidelines did not clearly indicate a different reporting period from the

DOJ requirements, which resulted in an incorrect number of reports used on the claims submitted between Fiscal Year 2001-02 through 2009-10. The City changed its data request and correctly reported the statistics beginning in Fiscal Year 2010-11 and therefore no adjustment was required for that year or Fiscal Year 2011-12. This was simply an issue of timing and did not reduce reimbursement claims.

SCO's response

The finding and recommendation remain unchanged.

The Commission on State Mandates' amendment to the program's parameters and guidelines dated January 24, 2014, clarified reimbursable activities for report writing effective July 1, 2001. During the audit, the city prepared a time study to track and support reimbursable activities consistent with the clarifying language in the amended parameters and guidelines. The audit also identified that the city used unsupported salary rates and misstated numbers of incident reports applicable to each fiscal year. The time study results and other adjustments supported a lower level of costs than was claimed. For clarification purposes, the time study supported 76 minutes per case to write the report. We accepted the additional 15 minutes claimed per case for the supervisory and technical report review time.

**Attachment—  
City's Response to  
Draft Audit Report**

---





## CITY OF STOCKTON

### ADMINISTRATIVE SERVICES

City Hall • 425 N. El Dorado Street • Stockton, CA 95202-1997 • 209 / 937-8460 • Fax 209 / 937-8844  
www.stocktongov.com

VIA E-MAIL

March 25, 2014

Jim L. Spano, Chief  
Mandated Cost Audits Bureau  
State Controller's Office, Division of Audits  
P.O. Box 942850  
Sacramento, CA 94250-5874

**Response to Draft Audit Report on Crime Statistics for the Department of Justice  
Program July 1, 2001 through June 30, 2012 – S12MCC031**

Thank you for providing the City of Stockton an opportunity to review and respond to the Draft Audit Report on Crime Statistics.

The City claimed an original amount of \$6,680,708, of which \$2,811,927 is allowable under your audit. We are aware your audit revealed that \$3.9 million in costs are unallowable. Two significant matters should be pointed out. First as you provided in your cover letter to the City, the State of California has made no payments to the City on this claim since it was filed in March 2011. As of June 30, 2013, outstanding SB90 claims filed with but unpaid by the State of California, net of amounts owed for the repayment for the Animal Adoption claim audit (\$634,835), total approximately \$9.6 million dating as far back as FY 2001-02. Because the City does not anticipate the State will pay against these claims in the near or foreseeable future, they have been offset by an allowance in the City's General Fund. As a result, the City will not owe any amount to the State as a result of this report. Any resulting adjustment by the State Controller's Office will decrease the total outstanding and unpaid claims filed to from \$9.6 million to \$3.0 million. Again, this adjustment will not have an impact on the City's general fund as an allowance has been established.

Second, amendments to the parameter and guidelines issued by the Commission on State Mandates were made after you began your audit in May 2012 that resulted in changes to the claiming instructions. These clarifying changes were issued January 24, 2014 and applied retroactively to the City's claims back to FY 2001-02. Those changes have been incorporated into your audit thereby reducing the claimable amounts for time spent on certain tasks. The Commission clarified that investigatory time such as conducting interviews, restraining orders and bookings were not allowed. Had the clarifying guidelines been in place prior to the initial claim being filed, these costs would not have been eligible or claimed by the City. Again, this adjustment will not have an impact on the City's general fund as an allowance has been established.

State Controller's Office  
Attn: Jim L. Spano  
March 25, 2014  
Page 2

Please find below our responses to the findings and recommendations:

**Finding: Unallowable costs**

The City's claim included unallowable activities

The City of Stockton prepared claims under this Mandate program based upon the parameters and guidelines in place at the time. During this Audit, the Commission on State Mandates amended these parameters and guidelines to clarify which activities were eligible for reimbursement. The City initially claimed costs for the booking of suspects, investigation and follow up, and for writing and reviewing incident reports. Under the Amended Guidelines issued January 24, 2014, the only allowable activity under this mandate is the writing and reviewing of incident reports.

The City resolved this issue by only including the allowable activities during its Time Study completed in February 2014. The result is a reduction to the number of minutes used to compute claimed costs.

The City's claim included unsupportable productive hourly rates

The City agrees the documentation of the productive hourly rates was not sufficient in the original claim. The City proposed an alternative use of a mid-step salary amount for each job classification from the Salary Schedule in place for each Claim Year to recalculate the productive hourly rate used on the claims. For future claims the City will use an average of all employee salaries within the position classification to provide a more substantial basis for the productive hourly rate claimed.

The City's claim was based on a time study which used estimated times

The City proposed completing a new Time Study of actual time taken to write eligible incident reports. The study was performed during the month of February, 2014 based on the revised parameters and guidelines approved January 24, 2014. These revisions clarified which activities were eligible for reimbursement. The new time study resulted in a reduction to the number of minutes used to compute claimed costs from 135 to 76 minutes per case. The averages originally claimed for technical and supervisory review were not changed and are included in the 76 minutes per case.

The City's claims from 2002 – 2010 were computed using the number of reports on a calendar year rather than fiscal year

The City prepares crime statistics based on a Calendar year for the Department of Justice (DOJ) and uses calendar year statistics for all of its rankings, analysis and other comparisons. The parameters and guidelines did not clearly indicate a different reporting period from the DOJ requirements, which resulted in an incorrect number of reports used on the claims submitted between Fiscal Year 2001-02 through 2009-10. The City changed its data request and correctly reported the statistics beginning in Fiscal Year 2010-11 and therefore no adjustment was required for that year or Fiscal Year 2011-12. This was simply an issue of timing and did not reduce reimbursement claims.

State Controller's Office  
Attn: Jim L. Spano  
March 25, 2014  
Page 3

Should you have any questions regarding this response, please contact Police Department Fiscal Affairs, Planning & Research Manager Erin Mettler at (209) 937-8533 or via email at [erin.mettler@stocktongov.com](mailto:erin.mettler@stocktongov.com).



VANESSA BURKE  
CHIEF FINANCIAL OFFICER

VB:EM

**State Controller's Office  
Division of Audits  
Post Office Box 942850  
Sacramento, CA 94250-5874**

**<http://www.sco.ca.gov>**